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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/770,937	02/02/2004	John N. Gross	JNG 2004-1	1607
23694 7590 07/08/2010 Law Office of J. Nicholas Gross, Prof. Corp. 2030 ADDISON ST. SUITE 610 BERKELEY, CA 94704				
EXAMINER ROSEN, NICHOLAS D				
ART UNIT 3625		PAPER NUMBER		
NOTIFICATION DATE 07/08/2010		DELIVERY MODE ELECTRONIC		

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**BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES**

Application Number: 10/770,937  
Filing Date: February 02, 2004  
Appellant(s): GROSS, JOHN N.

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J. Nicholas Gross  
For Appellant

**EXAMINER'S ANSWER**

This is in response to the appeal brief filed June 4, 2010, appealing from the Office action mailed February 3, 2010.

**(1) Real Party in Interest**

The examiner has no comment on the statement, or lack of statement, identifying by name the real party in interest in the brief.

**(2) Related Appeals and Interferences**

The following are the related appeals, interferences, and judicial proceedings known to the examiner which may be related to, directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal:

Related cases 10/771,049, now U.S. Patent 7,389,243, and reexamination control number 95/000,469; 11/369,660; 11/369,796; 10/770,767; 10/874,412; and 10/770,804 are identified.

**(3) Status of Claims**

The following is a list of claims that are rejected and pending in the application:

1-36

**(4) Status of Amendments After Final**

The examiner has no comment on the appellant's statement of the status of amendments after final rejection contained in the brief.

**(5) Summary of Claimed Subject Matter**

The examiner has no comment on the summary of claimed subject matter contained in the brief.

**(6) Grounds of Rejection to be Reviewed on Appeal**

The examiner has no comment on the appellant's statement of the grounds of rejection to be reviewed on appeal. Every ground of rejection set forth in the Office action from which the appeal is taken (as modified by any advisory actions) is being maintained by the examiner except for the grounds of rejection (if any) listed under the subheading "WITHDRAWN REJECTIONS." New grounds of rejection (if any) are provided under the subheading "NEW GROUNDS OF REJECTION."

**(7) Claims Appendix**

The examiner has no comment on the copy of the appealed claims contained in the Appendix to the appellant's brief.

**(8) Evidence Relied Upon**

6,105,006	DAVIS et al.	8-2000
6,105,021	BERSTIS	8-2000
6,317,722	JACOBI et al.	11-2001
6,584,450	HASTINGS et al.	6-2003
2001/0014145	KAMEL et al.	8-2001

2002/0046129	NAKAGAWA	4-2002
2003/0023743	RAPHEL et al.	1-2003
2006/0218054	POSTELNIK et al.	9-2006

Ostrom, M.A., "With Newer Releases, Netflix Users Can Anticipate a 'Very Long Wait'" Mercury News, July 7, 2002.

Official Notice.

### **(9) Grounds of Rejection**

The following ground(s) of rejection are applicable to the appealed claims:

#### ***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

#### **Claims 1-34**

Claims 1, 2, 3, 4, 7, 8, 15, 17, 18, 19, 22, 23, 24, 28, 29, 30, and 31 are rejected under 35 U.S.C. 103(a) as being unpatentable over Hastings et al. (U.S. Patent 6,584,450) in view of Ostrom ("With Newer Releases, Netflix Users Can Anticipate a 'Very Long Wait'"). As per claim 1, Hastings discloses a method of distributing playable media items over an electronic network from a first computer maintained by a provider of a media distribution service to a device used by a subscriber of such service, the

playable media items corresponding to machine readable media readable by a subscriber machine player, the method comprising the steps of: (a) setting up a subscriber selection queue for the subscriber to be controlled by the first computer, said subscriber selection queue consisting of an ordered list of one or more playable media items to be delivered to the subscriber in a subscriber-defined priority, wherein said subscriber selection queue is set up at least in part in response to item selection directions provided by the subscriber over the network (column 4, lines 14-34; column 9, line 47, through column 10, line 14; Figure 7; column 11, line 49, through column 13, line 53); (b) setting up queue replenishment rules for the subscriber selection queue, including an automatic queue refill option; and (c) monitoring said subscriber selection queue in accordance with said queue replenishment rules; wherein said subscriber selection queue is maintained automatically for the subscriber so as to include at least one playable media item which could be delivered to such subscriber (*ibid.*). Between the teaching of Hastings that the customer provides movie selection criteria (column 9, line 47, through column 10, line 14), and the teachings of a first computer carrying out operations (column 11, line 49, through column 13, line 53) and delivering products to subscribers (column 8, line 6, through column 9, line 39), automatically determining with the first computer if an additional media item should be added to the subscriber selection queue is obvious and implied. Hastings does not expressly disclose a second computer used by the subscriber, but the disclosure of Internet communication and a web browser (e.g., column 9, lines 47-62) implies such a second computer. Selecting more movies in accordance with the queue replenishment rules implies modifying the

subscriber selection queue to generate a new ordered list of one or more playable media items (e.g., to include a new release with the subscriber's favorite stars, which is adding an additional playable media item); Hastings does not disclose (d) automatically modifying the subscriber selection queue with said first computer to generate a new ordered list of one or more playable media items in response to the subscriber confirming that said additional playable media item can be included in the subscriber selection queue. However, Ostrom teaches modifying the subscriber queue based on a confirmation from the subscriber to assure that new releases be included at the top (paragraph beginning, "Selecting from Nearly 12,000 Titles"), and Hastings teaches the first computer automatically carrying out operations (column 11, line 49, through column 13, line 53). Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention to do this, for the stated advantage of ensuring subscribers that they will receive new releases (or other preferred movies, presumably).

Hastings does not expressly disclose that steps (c) and (d) are repeated as needed when the automatic queue refill option is enabled so that the subscriber selection queue is maintained automatically for the subscriber so as to include at least one playable media item which is accepted for delivery by such subscriber, although Hastings does disclose replenishment control rules that can, in effect, include an automatic queue refill option (column 9, line 63, through column 10, line 14), and this automatic selection process appears to be directed to assuring a queue containing movies for subscribers to rent. However, Ostrom further teaches a recommendation

process to lead consumers to movies they might not otherwise have known about (paragraph beginning, "Using a proprietary algorithm-based technology"). Because this is described as "lead[ing] consumers to movies they might not otherwise have known about," rather than automatically delivering movies based on recommendations, and because, "Based on rentals driven by the Netflix recommendation system, the niche movie 'Memento' has become the ninth-most *requested* film of all time by Netflix users," it is implied that at least some movies are accepted for delivery by the subscribers. Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention for steps (c) and (d) to be repeated as needed when the automatic queue refill option is enabled so that the subscriber selection queue is maintained automatically for the subscriber so as to include at least one playable media item which is accepted for delivery by such subscriber, for the stated advantage of keeping Netflix's vast library in circulation, with the obvious advantage of making Netflix a valuable service for which subscribers are likely to remain willing to pay, and assuring that playable media items are actually desired by the subscribers.

As per claim 2, there is no suggestion in Hastings that the subscriber needs to be connected while the computer performs step (c).

As per claim 3, Ostrom teaches subscribers reordering their delivery sequences, implying such an ordered list from a first item to a last (paragraph beginning, "Selecting from Nearly 12,000 Titles").



As per claim 4, Ostrom teaches the additional playable media item being inserted in a subscriber-defined delivery order position (paragraph beginning, "Selecting from Nearly 12,000 Titles"), and given the teaching of Hastings of a computer carrying out operations (column 11, line 49, through column 13, line 53), doing this automatically is held to be obvious and implied.

As per claim 7, Hastings discloses delivering the new playable media items to the subscriber (*ibid.*).

As per claim 8, Hastings does not expressly disclose that step (d) is performed automatically with sending a further notification to the subscriber, but there is no disclosure that a further notification to the subscriber is sent, and the teaching of Ostrom that most users don't remember which movies are on the top of their lists anyway (bottom paragraph on first page) implies that subscribers are not notified.

As per claim 15, Hastings discloses a trigger event to determine delivery of an item to a subscriber (column 5, lines 1-14; column 14, lines 1-17), which implies modifying the subscriber selection queue (at least by deleting the item now delivered).

As per claim 17, Hastings discloses a determination by an item recommendation system that an additional playable media item should be added to the subscriber selection queue as a recommended playable item (*ibid.*, as applied to claim 1), implying a trigger event associated with such a determination (e.g., when a new movie with a subscriber's favorite actor is released).

As per claim 18, Ostrom discloses that the recommended playable media item can be designated as the next to be delivered from the subscriber selection queue (paragraph beginning, "Selecting from Nearly 12,000 Titles", as applied to claim 1).

As per claim 19, Hastings discloses that the additional playable media item is determined by a recommender system of the media distribution service which automatically identifies items of interest based on a subscriber preference profile (*ibid.*, as applied to claim 1).

As per claim 22, Hastings discloses that queue replenishment control rules for the subscriber selection queue can be set up automatically for the subscriber based on an evaluation of item preferences determined for the subscriber (column 9, line 63, through column 10, line 14).

As per claim 23, Hastings discloses that queue replenishment control rules for the subscriber selection queue can be set up by the subscriber (column 9, line 63, through column 10, line 14).

As per claim 24, Hastings does not expressly describe moving an item from the subscriber to a shipping queue when the subscriber is eligible to receive an additional item, but does disclose shipping items to subscribers, and, once shipped, the items would presumably not remain on the queue of items to be delivered, so defining the record where the items would then be listed as a shipping queue is trivial.

As per claim 28, Hastings discloses that the media distribution service distributes movies to subscribers (*ibid.*)

As per claim 29, Hastings discloses that the media distribution service is an Internet based movie rental service, and the playable media items are recordings of movies that are mailed to subscribers (ibid., and column 10, lines 29-41).

As per claim 30, Hastings discloses that the subscriber can have a predetermined number of recordings checked out, by implication for a flat fee (columns 5 and 6, "MAX OUT").

As per claim 31, Hastings discloses that a subscriber is charged an additional fee when an additional playable media item is distributed (column 6, lines 14-29).

Claim 5 is rejected under 35 U.S.C. 103(a) as being unpatentable over Hastings and Ostrom as applied to claim 3 above, and further in view of Raphel et al. (U.S. Patent Application Publication 2003/0023743). Hastings does not disclose automatically inserting an additional item as the first item to be delivered, but it is well known to add items to the top of a list, as taught, for example, by Raphel (paragraph 61). Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention to do so, for the obvious advantage of making an especially desired item available as soon as possible.

Claim 6 is rejected under 35 U.S.C. 103(a) as being unpatentable over Hastings and Ostrom as applied to claim 3 above, and further in view of Berstis (U.S. Patent 6,105,021). Hastings does not disclose automatically inserting an additional item as the last item to be delivered, but it is well known to add items to the bottom of a list, as taught, for example, by Berstis (column 8, lines 40-45). Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of

applicant's invention to do so, for the obvious advantage of enabling higher-priority items to be delivered first.

Claim 9 is rejected under 35 U.S.C. 103(a) as being unpatentable over Hastings and Ostrom as applied to claim 1 above, and further in view of Postelnik et al. (U.S. Patent Application Publication 2006/0218054). Hastings does not disclose sending a notification to the subscriber after step (c) when the queue replenishment control rules determine that the subscriber selection queue should be modified, but it is well known to send customers notifications of pending deliveries, modifications to their orders, etc., as taught, for example, by Postelnik (paragraph 74). Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention to send such a notification, for such obvious advantages as assuring a subscriber of the imminent shipment of desired items, or enabling a subscriber to modify his preference list to receive a more desired item (as set forth in Ostrom).

Claims 10 and 11 are rejected under 35 U.S.C. 103(a) as being unpatentable over Hastings, Ostrom, and Postelnik as applied to claim 9 above, and further in view of official notice. As per claim 10, official notice is taken that sending notification that something should be done, or has been done, does not necessarily trigger doing it. Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention for the notification not to automatically trigger a modification of the subscriber selection queue, for the obvious advantage of not changing the queue of whose current state notification had just been sent.

As per claim 11, Hastings discloses modifying the subscriber selection queue in accordance with queue replenishment rules (*ibid.*, as applied to claim 1 above), and if one is modifying the queue, and sending a notification, sending a notification of how one is modifying the queue is trivial. (This particular information could be considered non-functional descriptive material in any case.)

Claim 12 is rejected under 35 U.S.C. 103(a) as being unpatentable over Hastings, Ostrom, and Postelnik as applied to claim 9 above, and further in view of Jacobi et al. (U.S. Patent 6,317,722). Hastings discloses modifying the subscriber selection queue in accordance with queue replenishment rules (*ibid.*, as applied to claim 1 above), and if one is modifying the queue, and sending a notification, sending a notification of how one is modifying the queue is trivial. Hastings does not disclose that the notification includes an embedded uniform resource link (URL) or an electronic response field in the notification so as to allow the subscriber to review playable media title recommendations from a recommender system, but Jacobi teaches notifications including hyperlinks to allow a user to review recommendations from a recommender system (column 10, lines 54-62). Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention for the notification to include an embedded uniform resource link (URL) or an electronic response field, for the obvious advantage of profiting from selling (or renting) items to the subscriber that the subscriber is likely to be interested in.

Claim 13 is rejected under 35 U.S.C. 103(a) as being unpatentable over Hastings, Ostrom, Postelnik, and Jacobi as applied to claim 12 above, and further in

view of Davis et al. (U. S. Patent 6,105,006). Hastings does not disclose that the subscriber selection queue is automatically modified in accordance with the queue replenishment rules after a predefined time delay, but it is well known to take action after a predefined time delay, as taught, for example, by Davis (column 23, lines 16-26). Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention for the subscriber selection queue to be automatically modified in accordance with the queue replenishment rules after a predefined time delay, for at least the obvious advantage of giving someone (the subscriber, or an administrator), time to make any manual modification which seem indicated.

Claim 14 is rejected under 35 U.S.C. 103(a) as being unpatentable over Hastings, Ostrom, and Postelnik as applied to claim 9 above, and further in view of Nakagawa (U.S. Patent Application Publication 2002/0046129). Hastings does not disclose that the notification provides directions for the subscriber to accept and/or modify said additional playable media item, but Ostrom, as noted, discloses the subscriber modifying (or, by default, accepting) a list, and it is well known to provide directions, as taught, for example, by Nakagawa (display of directions in paragraph 41). Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention to provide such directions, for the obvious advantage of enabling the subscriber to readily modify (or accept) the queue according to his wishes.

Claim 16 is rejected under 35 U.S.C. 103(a) as being unpatentable over Hastings and Ostrom as applied to claim 15 above, and further in view of Kamel et al. (U.S. Patent Application Publication 2001/0014145). Hastings does not disclose that the trigger event is associated with a quantity of playable media items remaining in said subscriber delivery queue, but a trigger event could be associated with a quantity of playable media items remaining in the delivery queue in several ways (e.g., the queue might have become too large or too small), and it is well known at least to add additional items to a queue which has become too small, as taught, for example, by Kamel (paragraphs 161, 162, 167, and 168). Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention for the trigger event to be associated with a quantity of playable media items remaining in said subscriber delivery queue, for the obvious advantage of assuring an adequate quantity of playable media items in the queue.

Claims 20 and 25 are rejected under 35 U.S.C. 103(a) as being unpatentable over Hastings and Ostrom as applied to claim 19 above, and further in view of official notice. Hastings does not disclose processing an item rating survey provided by the subscriber to determine a subscriber item preference profile suitable for use by the recommender system, but official notice is taken that it is well known to process item rating surveys to determine preference profiles for use in recommending items. Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention to do so, for the obvious advantage of recommending

items likely to be of interest to subscribers, and thus making subscriptions more attractive, and collecting corresponding fees.

Claim 21 is rejected under 35 U.S.C. 103(a) as being unpatentable over Hastings and Ostrom as applied to claim 1 above, and further in view of official notice. As per claim 21, Hastings does not disclose that the additional playable media item is randomly selected from a list of playable media items associated with a category selected by the user, although Hastings discloses the user selecting a category (column 8, lines 6-65). However, official notice is taken that it is well known to select an item at random from a list. Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention to do so, for the obvious advantage of providing a recommended item that would have had to be chosen somehow, perhaps in the absence of any particular known reason to choose one item from a category rather than another.

Claim 26 is rejected under 35 U.S.C. 103(a) as being unpatentable over Hastings and Ostrom as applied to claim 1 above, and further in view of official notice. Hastings does not disclose receiving subscriber feedback concerning selection of said additional playable media item, but official notice is taken that it is well known to receive feedback from subscribers or other customers. Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention to do so, for the obvious advantage of recommending items likely to be of interest to subscribers, and thus making subscriptions more attractive, and collecting corresponding fees.



Claim 27 is rejected under 35 U.S.C. 103(a) as being unpatentable over Hastings and Ostrom as applied to claim 1 above, and further in view of official notice. Hastings does not disclose that a subscriber is charged a fee when an additional playable media item is moved to the subscriber selection queue, but official notice is taken that it is well known to charge fees for various services or at various steps of a process. Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention to do so, for the obvious advantage of profiting from such fees.

Claims 32, 33, and 34 are rejected under 35 U.S.C. 103(a) as being unpatentable over Hastings and Ostrom as applied to claim 28 above, and further in view of official notice. Hastings does not disclose that the movies are distributed electronically to the subscribers, or that the delivery is by satellite transmission or broadband Internet-based connection, but official notice is taken that it is well known to distribute movies, electronically, by satellite transmission, or by broadband Internet-based connection. Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention to do so, for the obvious advantage of getting movies to customers without the delays of mailing or physical delivery.

#### **Claim 35**

Claim 35 is rejected under 35 U.S.C. 103(a) as being unpatentable over Hastings et al. (U.S. Patent 6,584,450) in view of Ostrom ("With Newer Releases, Netflix Users Can Anticipate a 'Very Long Wait'"). Hastings discloses a method of distributing

playable media items comprising the steps of: (a) setting up a subscriber selection queue for the subscriber to be controlled by the first computer, said subscriber selection queue consisting of a list of one or more playable media items; wherein said subscriber selection queue is set up at least in part in response to item selection directions provided by the subscriber; (b) setting up queue replenishment control rules for the subscriber selection queue, including an automatic queue refill option; and (c) monitoring said subscriber selection queue in accordance with the queue replenishment control rules to determine if changes should be made to the subscriber selection queue; wherein said subscriber delivery queue is maintained automatically for the subscriber to include at least one playable media item which could be delivered to such subscriber (column 4, lines 14-34; column 9, line 47, through column 10, line 14). Between the teaching of Hastings that the customer provides movie selection criteria (column 9, line 47, through column 10, line 14), and the teachings of a first computer carrying out operations (column 11, line 49, through column 13, line 53) and delivering products to subscribers (column 8, line 6, through column 9, line 39), automatically determining with the first computer if changes should be made to the subscriber selection queue is obvious and implied. It is likewise obvious for the monitoring to include analyzing the content and/or characteristics of other playable media items within the selection queue to determine the changes, so as to accomplish the disclosed purpose of providing the subscriber with movies according to his selected criteria, as taught by Hastings. Hastings discloses modifying the subscriber selection queue to generate a new list of one or more playable media items (*ibid.*, the generation of a new list being implied by

the release of new movies with the subscriber's favorite actor or other specified characteristics), but Hastings does not disclose (d) modifying the subscriber selection queue to generate a new list of one or more playable media items based on a confirmation from the subscriber. However, Ostrom teaches modifying the subscriber queue based on a confirmation from the subscriber (paragraph beginning, "Selecting from Nearly 12,000 Titles"), and Hastings teaches a computer automatically carrying out operations (column 11, line 49, through column 13, line 53). Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention to do this, for the stated advantage of ensuring subscribers that they will receive new releases (or other preferred movies, presumably).

Hastings does not expressly disclose that steps (c) and (d) are repeated as needed when the automatic queue refill option is enabled so that the subscriber selection queue is maintained automatically for the subscriber so as to include at least one playable media item which is accepted for delivery by such subscriber, although Hastings does disclose replenishment control rules that can, in effect, include an automatic queue refill option (column 9, line 63, through column 10, line 14), and this automatic selection process appears to be directed to assuring a queue containing movies for subscribers to rent. However, Ostrom further teaches a recommendation process to lead consumers to movies they might not otherwise have known about (paragraph beginning, "Using a proprietary algorithm-based technology"). Because this is described as "lead[ing] consumers to movies they might not otherwise have known about," rather than automatically delivering movies based on recommendations, and

because, "Based on rentals driven by the Netflix recommendation system, the niche movie 'Memento' has become the ninth-most *requested* film of all time by Netflix users," it is implied that at least some movies are accepted for delivery by the subscribers. Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention for steps (c) and (d) to be repeated as needed when the automatic queue refill option is enabled so that the subscriber selection queue is maintained automatically for the subscriber so as to include at least one playable media item which is accepted for delivery by such subscriber, for the stated advantage of keeping Netflix's vast library in circulation, with the obvious advantage of making Netflix a valuable service for which subscribers are likely to remain willing to pay, and assuring that playable media items are actually desired by the subscribers.

#### **Claim 36**

Claim 36 is rejected under 35 U.S.C. 103(a) as being unpatentable over Hastings et al. (U.S. Patent 6,584,450) in view of Ostrom ("With Newer Releases, Netflix Users Can Anticipate a 'Very Long Wait'") and official notice. Hastings discloses a method of distributing playable media items over an electronic network to a subscriber of a media rental service, the method comprising the steps of: (a) receiving subscriber preference data for the subscriber during a first data session network (column 4, lines 14-34; column 9, line 47, through column 10, line 14); (b) generating a subscriber profile for the subscriber suitable for use by a recommender system; and (c) processing said subscriber profile using said recommender system to identify a media item that is likely

to be of interest to the subscriber; wherein said media item can be automatically shipped to the subscriber after said first data session, and without requiring a second data session by the subscriber with said media rental service (ibid.; and Figure 7; column 12, lines 21-38). Hastings discloses various options for mailing or shipping the media item to the subscriber, and shipping the item to the subscriber (column 4, lines 22-34), but does not disclose that receiving subscriber preference data includes receiving notification and shipment options, and does not disclose notifying the subscriber. However, official notice is taken that it is well known to receive notification and shipping options (e.g., a mailing address to which an item is to be shipped, whether an item is to be shipped by regular or high-priority delivery, a telephone number or email to which notification is to be sent), and perform notification and/or shipping in accordance with the received option information. Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention to receive notification and shipment options, and perform notification and/or shipping in accordance therewith, for such obvious advantages of arranging for shipment to the proper address, notification to assure the subscriber that the media item was on its way, shipment with the degree of priority that the subscriber wanted and was willing to pay for, etc.

Hastings does not expressly disclose (e) repeating step (c) to automatically select and maintain at least one media item, but does disclose providing new releases to subscribers (ibid. and also column 11, lines 26-45), as does Ostrom, which implies repeating step (c) as new releases become available, to determine which subscribers

are likely to be interested in which new releases. Hastings discloses delivering playable media items, with a wide range of possible criteria for triggering delivery (e.g., column 4, lines 14-34; column 5, lines 1-14), but does not expressly disclose (f) delivering at least one additional playable media item when it is accepted by the subscriber. However, Ostrom further teaches a recommendation process to lead consumers to movies they might not otherwise have known about (paragraph beginning, "Using a proprietary algorithm-based technology"). Because this is described as "lead[ing] consumers to movies they might not otherwise have known about," rather than automatically delivering movies based on recommendations, and because, "Based on rentals driven by the Netflix recommendation system, the niche movie 'Memento' has become the ninth-most *requested* film of all time by Netflix users," it is implied that at least some movies are accepted for delivery by the subscribers. Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention for playable media items to be delivered when they are accepted by subscribers, the obvious advantage of assuring that playable media items are actually desired by the subscribers, thus making Netflix a valuable service for which subscribers are likely to remain willing to pay.

Hastings does not expressly disclose (g) repeating step (e) when an automatic shipment option is enabled until said subscriber accepts an additional playable media item for delivery, but official notice is taken that it is well known for salespersons to repeatedly select items or information about items to be presented to potential customers. Hence, it would have been obvious to one of ordinary skill in the art of

electronic commerce at the time of applicant's invention to repeat step (e) when an automatic shipment option is enabled until said subscriber accepts an additional playable media item for delivery, for the obvious advantage of providing the subscriber with a media item likely to be to his taste, thereby making people more likely to see subscribing as worth the money.

#### **(10) Response to Argument**

The issue is whether the claims are obvious in view of Hastings, Ostrom, and, for some of the dependent claims, further references. The Honorable Board has previously affirmed rejections of Appellant's claims, but done so on a different rationale than Examiner's, and therefore denominated the affirmation of the rejections a new ground of rejections; this decision was followed by amendment of the claims by Appellant, a new Final Rejection by Examiner, and a new Appeal Brief by Appellant. Examiner is now called upon to set forth why the claims should still be considered obvious.

The invention is concerned with selecting movies or other media items for a queue, the items on the queue to be shipped or otherwise made available to a subscriber, more or less as is done by Netflix® (the Hastings patent is assigned to Netflix, and Ostrom's article describes Netflix). Appellant argues that claim 1 should be allowed because Hastings does not expressly disclose that steps (c) and (d), monitoring and modifying the subscriber selection queue, are repeated as needed. Examiner replies that Hastings does make disclosures concerning inventory management for the subscriber queue, and in particular, Hastings discloses replenishment control rules that

can, in effect, include an automatic queue refill option (column 9, line 63, through column 10, line 14), where this process appears to be directed to assuring a queue containing movies for subscribers to rent. To quote from Hastings, "In this situation, provider **504** automatically selects particular titles that satisfy the movie selection criteria. For example, the movie selection criteria may specify a preference for action movies starring a particular actor, with a preference for 'new release' movies."

Examiner points out that, while not expressly disclosing that the subscriber selection queue is repeatedly monitored and modified as needed, this language is strongly suggestive. If no modifications of the subscriber selection queue are performed after it is initially set up, then new releases starring the subscriber's favorite actor will not be added if they were not already released at the time that the subscriber queue was created; but if they are not, it would be strange to have the movie selection criteria specify a preference for new releases. Furthermore, Ostrom teaches a recommendation process by which "Netflix filters likes and dislikes based on a five-star system subscribers use to rate movies" to lead consumers "to movies they might not otherwise have known about," and teaches that the system, "keeps Netflix's vast library in circulation." This, too, is strongly suggestive of monitoring and updating subscriber queues with movies that the subscribers might not otherwise have known about, keeping Netflix's vast library in circulation. If subscriber queues are not modified in some such way, one may be puzzled as to how the disclosed objectives could be accomplished.



Appellant, however, argues that it is not an automatic queue refill option that causes steps (c) and (d) to be repeated as needed. Appellant argues that Hastings (column 9, line 63, through column 10, line 14) is only disclosing the subscriber's initial interaction to select movies that he likes, and add them manually to his list (page 13 of the Appeal Brief). Appellant does not address such issues as what the point of specifying new releases as desirable might be, if future new releases are not to be added to the queue (either automatically, or upon the subscriber confirming that he wants a particular movie) or what the purpose of the recommendation system might be, if no new movies are to be added to the queue after the initial interaction. On page 14 of the Appeal Brief, Appellant provides an illustration of a "simplified rendition of Hastings's system," but this drawing is Appellant's, not a Figure actually taken from the Hastings patent, and should therefore not be accepted as in any way authoritative. Reliance should be placed, first, in Hastings's own words and drawings, and secondarily in inferences which can reasonably be drawn from those.

Appellant sets forth the requirements to establish inherency, but Examiner replies that Examiner did not attempt to present proof that repeating steps (c) and (d) as needed was inherent. Examiner's position is that doing so would have been obvious, as a plausible way to use the information which Hastings and Ostrom disclose as being obtained, and achieve the results which Hastings and Ostrom disclose as being accomplished. This is nonetheless not inherency, and the standard for inherency does not have to be met in order to establish obviousness.

Appellant next argues that Ostrom's disclosure of movie recommendations merely shows that a subscriber can fill his list with recommended movies, but does not establish an automated refill process that is repeated as needed so that the subscriber selection queue is maintained automatically. Examiner agrees that Ostrom does not disclose exactly what is done with recommendations. Ostrom discloses "a software-based movie recommendation program" by which "Netflix serves up to 18 million recommendations a day," but does not make clear whether recommendations are automatically added to subscriber queues, or whether (a more likely interpretation of Ostrom) subscribers are notified of recommendations, and given the opportunity to select recommended movies for their subscriber queues. Examiner replies that, even on the second and more likely interpretation, Ostrom is still relevant to claim 1. It should be noted that step (d) of claim 1 recites, "automatically modifying said subscriber selection queue with said first computer to generate a new ordered list of one or more playable media items in response to the subscriber confirming that said additional playable media item can be included in said subscriber selection queue." Thus, if a recommendation is generated and provided to the subscriber, and the subscriber decides that he probably would like the recommended movie, and responds that the recommended movie should be included, so that the provider's computer system modifies the subscriber selection queue to add the recommended movie, the procedure of step (d) is accomplished.

Appellant accuses Examiner of using too broad a brush, and failing to map specifically how Ostrom teaches any part of the limitation, except to note that the user

can get recommendations. Examiner replies that Ostrom was not used to disclose most of the limitations of claim 1, and was not needed for that purpose, since Hastings was applicable. Examiner reiterates that Ostrom's disclosure that the user can get recommendations, and that these often lead consumers to movies they might not otherwise have known about, and keep Netflix's vast library in circulation, implies that users can confirm recommended items for addition to their subscriber queues, and that the confirmed items can then be included in subscriber selection queues.

On pages 16-17 of the Appeal Brief, Appellant argues that independent claim 35 should be allowed for at least the same reasons as claim 1. Claim 35 is largely parallel to claim 1, but there are differences, notably that claim 35 recites, "wherein said monitoring includes analyzing the content and/or characteristics of other playable media items within said subscriber selection queue to determine said changes." Appellant disputes Examiner's conclusion that this feature "is likewise obvious" "so as to accomplish the disclosed purpose of providing the subscriber with movies according to the selected criteria, as taught by Hastings." Appellant denies that Hastings discloses the system doing monitoring based on analyzing the content of other selections made by the subscriber.

Examiner replies that Hastings discloses that the customer may specify particular titles that the customer desires to rent, or may provide preferences for selecting movies (types of movies, directors, actors, etc.) (column 9, line 63, through column 10, line 14). This is suggestive of analyzing the content and/or characteristics of other playable media items; e.g., if a customer has specified particular titles, and these are tilted to

movies of a particular type, or made by particular directors, or starring particular actors, the system could treat these selections as implied preferences, and recommend other movies of the same type, and/or with the same directors or stars. Furthermore, Ostrom is also used in the rejection of claim 35, and Ostrom teaches a program to provide customized recommendations based on customers' ratings of movies. Selection of a movie for a subscriber selection queue can be considered an implicit rating of the movie (the subscriber likes it, or he would presumably not have selected it), or may be accompanied by an explicit rating of the movie, and applying these ratings to generate recommendations can be considered "analyzing the content and/or characteristics of other playable media items." For these reasons, Examiner maintains that the rejection of claim 35 is valid and should be affirmed.

Turning to the dependent claims, beginning with claim 4, Appellant argues that Ostrom is not referring to an *additional* playable media item, but to rearranging an *existing* playable media item in a subscriber's queue. Examiner replies that while the disclosure concerns reordering of preference lists, which may be for existing movies, if the subscriber selects a new, additional movie (which may, for example, be done by confirming a system recommendation), the disclosed process of reordering would necessarily involve selecting some position for the additional movie.

Appellant argues with regard to claims 17-19 that Hastings does not disclose a "recommender system" as that term is understood in the art. Examiner replies that claim 17 does not actually use the phrase "recommender system," but "recommendation system." Less trivially, Examiner takes the position that it is proper, in examining

claims, to give them the broadest reasonable interpretation, and Hastings can reasonably be interpreted as disclosing a recommendation system, in that it recommends or selects movies that best satisfy selection criteria. Even if one imports the discussion of recommendation systems from the instant specification (page 1, line 28, through page 2, line 2), the relevant paragraph from the instant specification is not as clear and as limiting as Appellant may wish: it discusses what recommendation algorithms "typically" do (while noting that their details are often proprietary), and ends with an "etc.", leaving open the possibility that an atypical recommendation system might do something a bit different, perhaps covered under the "etc." Yet further, even if one were to import into claim 17 a narrower definition of "recommendation system" than Appellant's specification in fact sets forth, Ostrom explicitly teaches such a recommendation system.

Appellant further argues that claim 17 can be distinguished from Hastings in that the system of claim 17 works based on a trigger event to add another item automatically to the subscriber's selection queue (since claim 17 depends on claim 15). Examiner replies that, as set forth in the rejection of claim 15 above, Hastings discloses a trigger event which implies causing a modification of the subscriber selection queue. The trigger event applied to claim 15 does not necessarily involve adding a new item to a subscriber selection queue, but another trigger event (such as the release of a new movie with the subscriber's favorite actor) could result in such an addition, in accordance with the disclosure of Hastings.

Appellant notes that claim 19 clarifies the function of the recommender system (and claim 19 does use the word 'recommender'). Examiner reiterates that Hastings discloses a recommender system, broadly read, based on user preferences, while Ostrom teaches a recommendation system that operates by filtering likes and dislikes based on user ratings.

Appellant argues that neither Hastings nor Ostrom says anything about bumping a recommended item to the top of the queue, as recited in claim 18. Examiner replies that Ostrom does disclose reordering queues to put desired items at the top; and also, claim 18 does not recite that the system automatically designates the recommended playable item as the next to be delivered from the queue, merely that this is done (somehow, by someone). One should not, in examining a claim, read into it elements which are not actually present.

Appellant does not argue the patentability of claims 5, 6, and 9-11 separately, but merely takes the position that these claims should be allowed as depending from allowable claims. Examiner replies that if the rejections of claims 1 and 3 are affirmed, there is then no reason to find any of claims 5, 6, and 9-11 allowable. The same applies to claims 14 (depending from claim 9, which depends from claim 1), and claims 20, 21, 25, 26, 27, 32, 33, and 34 (depending from claim 1 directly or via claim 28).

Appellant then argues with regard to claim 12, where Examiner applied Jacobi for teaching an embedded URL, that the motivation given, "for the obvious advantage of profiting from selling (or renting) items to the subscriber that the subscriber is likely to be interested in," while relevant in Jacobi, does not apply to the system of Hastings,

because in Hastings, the payment is at a fixed rate, and does not depend on how many movie titles the user views. Examiner replies that the motivation still applies, although in a slightly less direct fashion. In the short term, Netflix's revenue from a subscriber does not depend on how many movies the subscriber views, or how much he likes them; but in the long term, the subscriber's level of satisfaction with the movie delivery service is likely to determine whether the subscriber renews his subscription, and whether he speaks well of Netflix, and induces other people to subscribe. Therefore the motivation set forth is believed to be valid and applicable.

Regarding claim 13, Appellant, in effect, accuses Examiner of impermissible hindsight reasoning for using a statement of motivation loosely (not exactly) parallel to language in Appellant's specification, "for at least the obvious advantage of giving someone (the subscriber, or an administrator), time to make any manual modification which seem indicated." In response to applicant's argument that the examiner's conclusion of obviousness is based upon improper hindsight reasoning, it must be recognized that any judgment on obviousness is in a sense necessarily a reconstruction based upon hindsight reasoning. But so long as it takes into account only knowledge which was within the level of ordinary skill at the time the claimed invention was made, and does not include knowledge gleaned only from the applicant's disclosure, such a reconstruction is proper. See *In re McLaughlin*, 443 F.2d 1392, 170 USPQ 209 (CCPA 1971).

Examiner notes that merely because a motivation is recited in the specification does not establish that it is unique to the current applicant, and would not have been

clear enough to other people before him. Providing a chance to catch errors or make modifications which turn out to be necessary is not, in Examiner's judgment, anything new or unprecedented.

Regarding claim 16, Appellant argues against that Kamel is non-analogous art, citing *In re Oetiker*, 977 F.2d 1443, 24 USPQ2d 1443 (Fed. Cir. 1992). Of course, *In re Oetiker* is often cited by examiners to justify the use of art whose analogous character is questioned. *In re Oetiker* teaches that a prior art reference must either be in the field of applicant's endeavor or, if not, then be reasonably pertinent to the particular problem with which the applicant was concerned, in order to be relied upon as a basis for rejection of the claimed invention. Kamel is reasonably pertinent to the particular problem with which Appellant was concerned, that of replenishing a queue based on its inventory level.

There is also the Supreme Court's ruling in *KSR International Co. v. Teleflex Inc.*, 82 USPQ2d 1385 (U.S. 2007), "[R]igid application of preventative rules that deny fact finders recourse to common sense are neither necessary nor consistent with precedent."

The Court also noted in the *KSR* decision, "[I]f there is design need or market pressure to solve [a] problem, and there are [a] finite number of identified, predictable solutions, [a] person of ordinary skill in art has good reason to pursue known options within his or her technical grasp, and if this leads to anticipated success, it is likely product of ordinary skill and common sense, not innovation."



In this case, adding more items to a queue in response to the quantity falling to particular level is an identified, predictable solution to the problem of assuring that there will remain items in the queue, and should therefore be considered the product of ordinary skill and common sense, not patentable innovation.

Finally, Appellant addresses independent claim 36, which is largely parallel to claims 1 and 35, and therefore obvious on much the same grounds (in Examiner's opinion) or allowable for at least the same reasons (in Appellant's view). Letting the other arguments on each side be taken as having been reiterated, the additional point of contention is that Examiner took official notice that it is well known for salespersons to repeatedly select items or information about items to be presented to potential customers, and provided a statement of motivation for combining this with Hastings, "for the obvious advantage of providing the subscriber with a media item likely to be to his taste, thereby making people more likely to see subscribing as worth the money."

Appellant argues that this is inapplicable because a salesman is not presenting something to a potential customer, but to someone who is already a subscriber. Examiner has already addressed a very similar point with regard to claim 12: In the short term, Netflix's revenue from a subscriber does not depend on how many movies the subscriber views, or how much he likes them; but in the long term, the subscriber's level of satisfaction with the movie delivery service is likely to determine whether the subscriber renews his subscription, and whether he speaks well of Netflix, and induces other people to subscribe. Therefore the motivation set forth is believed to be valid and applicable.

As to what Appellant says about impermissible hindsight, Examiner reiterates what he wrote above with respect to claim 13.

For the above reasons, it is believed that the rejections should be sustained.

#### **(11) Related Proceeding(s) Appendix**

Copies of the court or Board decision(s) identified in the Related Appeals and Interferences section of this examiner's answer are provided herein. Appellant has already made of record in the instant case a notice of concurrent litigation (dated December 9, 2009) with legal briefs for a lawsuit arising from U.S. Patent 7,389,243, and an order granting *inter partes* reexamination of 95/000,469 (document listed in the IDS of December 17, 2009). Both of these, it is noted, arise from application 10/771,049. Application 11/369,660, as of the time of writing, has led to a Board of Appeals decision decided April 7, 2010 and mailed April 9, 2010. Application 11/369,796 has been remanded to the examiner for that case (June 25, 2010). Application 10/770,767, as of the time of writing, has not resulted in any decision by the Board of Appeals. Application 10/770,804, as of the time of writing, has not resulted in any decision by the Board of Appeals. Application 10/874,412 resulted in a decision of the Board of Appeals on April 28, 2009, and subsequently to a decision by the Board to deny a request for rehearing (decided July 28, 2009, mailed July 30, 2009), and then to an appeal to the Court of Appeals for the Federal Circuit (September 28, 2009). By the time that the Honorable Board considers the present case, there may be further Board or judicial decisions in one or more of these related cases.

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For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

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